

simply deny the Democrats the right to offer our amendments. They will vote no on a Republican amendment—they will vote not to table; that is, a Republican amendment—having to do with banking, but then they will preclude Democrat Senators from offering legitimate, important amendments having to do with education, such as the class size amendment, and for having a debate on it.

So I am perplexed by that. It sends the wrong message. We want to cooperate.

EDUCATION FLEXIBILITY PARTNERSHIP ACT OF 1999

The Senate resumed consideration of the bill.

Mr. DASCHLE. Mr. President, this is an important bill. Ed-Flex is a bill that, in my view, as I have said before, warrants a 100-to-nothing vote. We ought to give States more flexibility. But we also ought to recognize that if we are going to begin debate on education policy in the U.S. Senate, there are other issues that also merit consideration and opportunity for an up-or-down vote: Whether or not we have an afterschool program, whether or not we have an effort in this country to prevent dropouts, whether or not we consider 100,000 teachers and class size, whether or not we have school construction. All of those are legitimate education issues.

So I will offer to my distinguished majority leader another effort at compromise. I will attempt to see if we might come down to five or six amendments and say: Look. We will agree to those five or six amendments; we will agree to time limits and up-or-down votes on those five or six amendments; and then let's move on. The majority leader was very generous, I thought, with what he said earlier to the Governors. As I understand it, the majority leader said, Let's go to the Senate; let's take a week; let's take 2 weeks, if necessary, but let's talk about education. Let's take 2 weeks if necessary. We haven't even taken a week yet.

So I really appreciate the majority leader's interest in trying to find some way with which to resolve this impasse. I think he is understandably desirous of moving on to other things. We want to do that. We want to pass the Ed-Flex bill. We want to pass good education amendments. We want to resolve this matter. We want to find a way to do it in a bipartisan manner. And I am confident that if we continue to work at it that we will.

So I will offer, again, to see if we might limit our amendments to maybe five or six with time limits and have up-or-down votes. I believe that is the best way to break through this. I am hopeful that we can get broad bipartisan agreement.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. WYDEN. Thank you, Mr. President.

Mr. President, I would like to follow up briefly on this Ed-Flex issue, first to thank the minority leader, who is clearly making a very strong effort to work this out and be conciliatory.

I would also like to thank the majority leader, Senator LOTT, who is making such an effort as well.

I want to advise our colleagues that we are going to work through the weekend to try to come up with a way that is fair for all concerned.

I think Senator DASCHLE made it clear these Democratic amendments are critical, it is important there is an opportunity they be discussed, and—conciliatory on the part of the leader—that there would be time agreements. I think the majority leader has made a very sensible statement of why this bill is a priority.

It is critically important that the more than \$11 billion that go out in programs covered by Ed-Flex is spent wisely. What we have found in the 12 States that are now using Ed-Flex is that a few miles from here, just a few miles from here, existing dollars now allocated under title I are being used to cut class size in half to make sure that kids can get the education they need.

For those of you who think that the Senator from Washington, Senator MURRAY, is making an important contribution in terms of the extra teachers, I want it clear that I support that. It is needed. But I support just as strongly—and I would say this especially to my Democratic friends—the proposition that we use money that is now allocated wisely. And we are not doing that today.

Under current law, for example, poor kids who want to get access to advanced computing aren't able to do it in a lot of instances because these programs put them into a regulatory straitjacket. In a lot of instances, we could boost the test scores up for poor kids. We haven't been able to do that because of some of the bureaucracy associated with these programs.

Last night we had a discussion about what these programs mean to parents. I happen to agree with the distinguished Senator from Massachusetts, the parents don't focus on Ed-Flex in bureaucratic terms. They do focus on results. I can assure you, the parents of those youngsters a few miles from here who have had their class size cut in half as a result of Ed-Flex are very appreciative of that. Because of Senator KENNEDY and Senator Hatfield, in 1994 we began this effort to pass Ed-Flex. It is time to expand it.

Around this country there has not been one example of an abuse associated with Ed-Flex—not one. But there

are plenty of examples of why Ed-Flex is working for poor kids from coast to coast. Go see those kids in the State of Maryland—our friend, Senator SARBANES, is here—where they have used those dollars to cut class size. Or come to my home State of Oregon where, because of bureaucratic rules, it was not possible for poor kids to get advanced computing at their schools.

I know a number of my colleagues would like to speak, and I want to let them have that opportunity. But just know—because of the very conciliatory offer that has been made by the minority leader, Senator DASCHLE, this morning, and the majority leader, Senator LOTT, I believe is also trying to accommodate both sides—those of us who are sponsoring this legislation are going to work throughout the weekend to see if we can get a sensible time agreement that is fair to both sides.

As the Democratic sponsor of Ed-Flex, I want to again state to my colleagues, I think the contribution of our friend from Washington, Senator MURRAY, is important and the Boxer amendment on afterschool programs is critically important—but it is just as important to show that those \$11-plus billion that are now allocated in title I and other programs are being spent wisely. In fact, for those colleagues who share my view that we need more financial assistance in these key areas, I submit the best way to make the case for getting additional funds is to show taxpayers you are spending more wisely the dollars that are allocated at this time.

I look forward to some long hours over this weekend, working with our colleagues on both sides of the aisle. Education, in my view, is the premier issue of our time. I think that is why the Members of the Senate feel so strongly about it.

I yield the floor.

The PRESIDING OFFICER (Mr. GORTON). The Senator from Washington.

Mrs. MURRAY. Mr. President, I commend my colleague for his work on the Ed-Flex bill as well as the other cosponsors of this initiative. I know he feels passionately about bureaucratic paperwork and has worked very hard to try to reduce some of that, as well as Education Secretary Riley, who has made a major effort in his tenure at the Department to reduce paperwork. We have heard some really good stories in the last year back from him.

We agree with you on Ed-Flex and want to move that forward. I think the Democratic leader this morning, offering to come up with limited amendments and limited time agreements, made a very generous offer, because there are a number of Senators, I think on both sides of the aisle, who want to spend some time talking about education, talking about what is happening in our schools, talking about our responsibility as Senators to be in

partnership with those local schools and teachers and school board members; making sure that our kids, no matter who they are or where they come from or how much money they have, have the best education possible. That is the debate we want to have on the floor of the Senate.

I am extremely disappointed because I came over here this morning, hoping to offer my class size amendment. I have been precluded from doing that by the actions of the majority leader. I am ready to offer my amendment so we can send a message to those school board members who are meeting right now, today, trying to figure out their budgets, who last October listened to us tell them in a bipartisan way, Republicans and Democrats, Senate and House Members, that we are committed to helping them reduce class size so our kids can get the adequate learning they need to compete in today's global economy.

But we are here today, once again precluded from being able to offer that amendment, to have a debate, to have an up-or-down vote, so those school board members can put their budgets together and begin to hire those teachers, as they must shortly do, so they can have a commitment that is real.

Let's tell them this was not a political promise before the election by Republicans and Democrats. This was a real commitment on our part to make a difference, to reduce class size in grades 1 through 3. We began that process last year. We have an obligation, and this is our opportunity to make a real difference.

Mr. KENNEDY. Will the Senator be good enough to yield for a question?

Mrs. MURRAY. I am delighted to yield to the Senator from Massachusetts.

Mr. KENNEDY. The Senator reminds us that in the final days of the last Congress, we passed legislation that would provide local communities the opportunity to hire additional teachers so we could have smaller class sizes for the first three grades. That was worked out in a bipartisan way. As I understand, from what the Senator says, the school boards are meeting now to find out whether this was just going to be something that would be for 1 year or whether it is going to be continual? The President has indicated strong support to continue it, recognizing that we need some 2 million new teachers over the period of 10 years. He wanted to really jump-start that whole process, and do it particularly in the early grades, which all the research indicates has such enormous potential for enhancing student achievement.

I was wondering whether the Senator realized that last October, when we made this agreement for the 1 year—the 1-year agreement—Congressman GOODLING, who is chairman of the House Education and the Workforce Committee, a Republican, declared:

The class size reduction was a real victory for the Republican Congress. But more importantly, it is a huge win for local educators, parents who were fed up with Washington mandates, redtape and regulation. We agree with the President's desire to help classroom teachers, but our proposal does not create the big new Federal education programs.

So Congressman GOODLING, the Republican chairman of the Committee at the time, was taking credit for a Republican victory. We considered it a victory as well. It was supported by Democrats and Republicans, and the people who were going to benefit were the children, so all of those who were involved at that particular time claimed it as a victory.

Now, the good Senator's amendment takes that concept, which the Senator had championed all last year, and extends it so the local families, school boards, principals, schoolteachers, and children will know there will be a continuation in the employment of those teachers over the period of the next 5 years, so that we can make some meaningful progress in reducing the class size.

Is that correct?

Mrs. MURRAY. The Senator from Massachusetts is absolutely correct. When we passed this last October, Republicans and Democrats stood up, stood together, and said: This is a commitment from the Federal Government. No additional redtape, no bureaucracy, the money is going to go out there to those local schools to hire teachers to reduce class size. We stood together, shoulder to shoulder.

I am having a difficult time going home now, talking to school board members and my friends who are teachers—many of whom are Republicans—and saying, well, gee, now maybe they might not support us.

They don't understand that because they are putting together a budget right now. They need to hire those teachers. They need to make a commitment to that teacher, to that class, to those parents who are enrolling their kids, that they are going to continue to do this. They need us in that partnership. They don't want political maneuvers. They don't understand why Ed-Flex is a bill we can't do this on. We are talking about education. The time is right. It was bipartisan before. They want us to give that commitment now, and that is why I came to the floor today to offer this amendment.

Mr. KENNEDY. If the Senator will yield, then, for a final question? The Senator is the principal sponsor of this legislation and the one who was instrumental in achieving its outcome in the fall of last year, with bipartisan support and the support of the chairman of the House committee, Congressman GOODLING. As I understand it, therefore, the Senator is prepared to at least urge others to withhold further education amendments and support what

Senator DASCHLE has said? There may be just a few amendments, but that the Senator's would certainly be one of the important ones because of the importance of the timing for local school districts, and that my colleague would agree to a reasonable time period?

Mrs. MURRAY. I was saying that.

Mr. KENNEDY. If the leaders came to you and said, We are prepared to enter into a time of a couple of hours to discuss this, you would be willing, perhaps—I know there would be a number of people that want to speak on it—but you are prepared to at least accommodate the leadership and the schedule on that issue. You would certainly support an initiative by the leaders, even from our side—maybe there are some on the other side—to move towards a very few amendments—I think the leader said five or six—and do it with a time limit so that we can move along with the Senate schedule. Do I understand correctly?

Mrs. MURRAY. The Senator from Massachusetts is absolutely correct. I am more than ready to do a time agreement, to do this quickly. The reason it is so important to do it now is it is bipartisan. It is absolutely timely in terms of school boards and school districts putting their budgets together. I actually heard the chairman of the committee this morning talk about the fact that the reason we should move Ed-Flex forward is that it is bipartisan and it is timely, not to wait for ESEA.

Mr. KENNEDY. If the Senator will yield further, we could have even had the debate during the course of this morning.

Mrs. MURRAY. We could have.

Mr. KENNEDY. We could have moved ahead towards the vote on that next week, and we could have accommodated the Senate schedule.

Mrs. MURRAY. I would have been delighted.

Mr. KENNEDY. I want to thank the Senator, first of all, for her passion and common sense and experience, as a former school board member and a former teacher and a mother. She has given a good deal of time and attention to this issue. We all have enormous respect for all the work she does when she is back home visiting with these communities and talking to parents and teachers about this proposal. She had an extensive inquiry as to the importance of this proposal, to bring this matter to the Senate, and has been willing to follow a very reasonable time period for consideration of it. I just want to thank her and hope that she will be successful. I certainly will do everything I can to make sure that she is.

Mrs. MURRAY. I thank the Senator from Massachusetts.

Let me just finish my remarks. I know there are a number of other Senators present.

Mrs. BOXER. If the Senator will yield, because I am leaving in 30 seconds, I want to thank her and ask her

a question. Does the Senator not agree with me that we owe a real debt to Senator WYDEN of Oregon, because the force of his desire to make education better resulted in a bipartisan agreement to bring an education bill to the floor? In doing so, I want to make it clear, because he and I have spoken, while we all agree with him that this is a good program, there have been many waivers passed on by Secretary Riley because he, too, agrees that Ed-Flex is working. This is a golden opportunity that he has given us to flesh out this bill, to make it even better.

I say to the Senator from Washington, she worked so hard to get 100,000 teachers into the classroom and reduce class sizes. We worked together on these issues to get afterschool funds to the school districts who wanted so much. Last year, there were \$540 million worth of requests for afterschool programs. We only had \$40 million. This year, the President wants to have the money to accommodate all those local districts.

I say to her, as a former school board member, the kinds of amendments that we hope to add to this bill, does she agree those kinds of amendments will give resources to the local districts so they will be able to make up their own minds as to whether they want those resources, that they will be able to design the programs themselves, and that what we are doing here, what the majority leader has done to us today, by not allowing these amendments, is simply to hold back these important bills from being voted upon so that those children will right now be denied the kinds of help they need?

The last point I want to make, and the last question I have to the Senator from Washington is this: Does she not agree that education is the No. 1 issue on the minds of the people and that when we see filibusters and stalls and hours of just chitchat and no work on education, that we are not meeting our responsibilities? Would she not agree with that? Again, I want to thank her for her leadership.

Mrs. MURRAY. I thank my colleague from California for her tremendous work on education, her passion, and in particular, her afterschool programs and appreciate her remarks this morning and agree with her. Education is absolutely the No. 1 priority for families across this country, but it is not just families. We go and talk to businesses, and business people tell us we need to be able to hire students out of our schools with math and science and reading and English skills. Studies show—and I will be delighted, when we get to the debate on this, to go through the studies again—that reducing class size makes a difference in a child's ability to learn to write and to read, to do math and to do science, just the skills our businesses are looking for. They are looking to us to make a commitment on this.

I commend my colleague from Oregon, as well, for his work on this. I know he is committed to this issue and has pledged his support as well. He knows, too, how important class size is.

Let me end by reminding my colleagues this is a bipartisan effort. It was passed in a bipartisan way last October. There is no reason not to do this now. In fact, a former Republican House Member said, on education, We should champion communities and parents, reduce class size, and increase accountability.

I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the Record, as follows:

REPUBLICAN MAIN
STREET PARTNERSHIP,
Arlington, VA.

AN OPEN LETTER TO REPUBLICANS IN
CONGRESS

DEAR COLLEAGUES & FRIENDS: The Republican Main Street Partnership was founded in 1998. Our goal is to demonstrate that the Republican Party can govern and achieve our goals of bipartisan cooperation in enacting centrist policies. We are focused on speaking out, setting the agenda and demonstrating a new discipline for reaching consensus on difficult issues; without that, we believe that we will not be a Majority Party by the close of the Year 2000.

Immediately, the rhetoric of partisan hostility must stop. Our language too often has been heard as mean, judgmental and partisan. That "the other side does it" is no excuse. We need Republican unity to replace division or our statistical majority will never become a governing majority. We must restore dignity to our debate, civility to our conversations and compassion to our perspective. We need a new language and a new voice.

Our agenda must be positive; it must be an agenda for governance. On education, we should champion communities and parents, reducing class size and increasing accountability. On Social Security, we should press for personal choice, not 100% governmental custody of our retirement funds. On health care, Medicaid and Medicare we must legislate with compassion as well as prudence. On taxes, we must work to reduce the burden on hardworking middle-class American families. And when we discuss our agenda, we must do it in terms that dispel the fears and inspire the hopes of American families and businesses.

Both governance and civility will demand discipline. Challenges will rise from partisan and ideological quarters. That is when we must stay the course with unity, courage—and discipline.

If we can stand tall within our own tradition—if we can bring to the 106th Congress Lincoln's urgency for justice, Roosevelt's commitment to the environment, Eisenhower's vision of public education—then the finest elements of our party's legacy, the tone of our speeches, the content of our legislation and the discipline of our behavior will make this a season of triumph for the Republican Party, and for the nation!

Sincerely,
The Republican Main Street Partnership
Board of Directors

Gov. John McKernan, Hon. Mike Castle,
Hon. Amo Houghton, Hon. Rick Lazio,
Hon. Fred Upton, Mr. Allan Cors.

Mrs. MURRAY. Let me just conclude, because I know the Senator from Maryland would also like to speak, education is an issue that is important to all of us. Education is an issue that is important to everyone at home as well. I will again plead with the chairman from the committee to allow us to offer our amendments, to get an up-or-down vote, to limit the number of amendments, but to let us move forward on issues like this, like class size, that are bipartisan, that have been agreed to before, that the American public wants and that makes a difference for all of our children.

Thank you, Mr. President. I yield the floor.

Mr. JEFFORDS. Mr. President, I see the Senator from Maryland. Does the Senator desire to speak on the bill?

Mr. SARBANES. I desire to speak about the extremes to which the other side will go to frustrate the opportunity to consider significant educational initiatives on this bill by now bringing into consideration subject matter completely extraneous to education and the jurisdiction of the committee; namely, the amendment that is now pending dealing with a banking issue. I want to speak on that subject for a few minutes. I think it is highly relevant to the situation in which we find ourselves.

Mr. JEFFORDS. I see no other Senators. I desire to speak at some point. I would be happy to let the Senator speak now, even though it does not appear to be totally relevant to this bill. I would like an understanding of how much time he might like.

Mr. SARBANES. Ten minutes at the most.

Mr. JEFFORDS. All right. That is fine.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. SARBANES. I thank the Chair. I say to the chairman of the committee, I am not the one who is introducing what he describes as an extraneous issue into this debate. I am simply addressing the fact that it was introduced into this debate by others. I do not think it should be here, frankly.

Mr. JEFFORDS. I think that is relevant to the bill so I do not have a problem with you proceeding as you desire.

Mr. SARBANES. Mr. President, I think the extremes to which the other side will go to try to frustrate considering bona fide educational issues on this education bill was demonstrated by the fact that the vote we just had was on tabling a motion on an amendment involving the "Know Your Customer" proposed regulations that were put out by the Federal banking regulators.

I wrote to the regulators, pointing out the problems with these proposed regulations and urging them to carefully consider these problems before

proceeding or implementing them. The regulators have received a flood of comments highly critical of the proposed regulations and, in fact, the comment period, which ends on March 8, is not yet over. At least two regulators have already indicated, in advance of the comment period ending, that they expect not to adopt the proposed regulations as final regulations in view of the overwhelming number of comments they have received and the complexity of the issue.

Many of my colleagues have, as I have done, written to them pointing out the difficulties connected with these regulations and the possible breaches of customers' personal financial privacy.

On the other hand, since there is a law enforcement issue involved here with respect to money laundering, we need to be very careful what we do. I am concerned because the amendment not only addresses the proposed regulations but also precludes any other regulations being put forward by the agencies that would be similar to these.

Conceivably, the agencies could develop more narrow regulations that focus on the money laundering issue, in an effort to curb criminal activity, that would not carry with it the heavy burdens of regulation on the banks and the potential intrusion into the financial privacy of ordinary, law-abiding citizens, which none of us wants to do.

In fact, I have introduced a bill on the financial privacy issue, broader legislation than we are talking about here. I have been joined in that by Senators DODD, BRYAN, EDWARDS, LEAHY, and HOLLINGS. That is S. 187.

I invite other colleagues to join on that legislation, S. 187, because I think financial privacy is an extremely important issue and one that we need to address. We need to assure safeguards to our consumers that their financial privacy is not to be intruded upon without their knowledge and an opportunity to object.

But to reach out, as happened this morning, and try to drag in a subject matter unrelated to education and not directly connected with this bill, as part of a constant process that has been going on over the last few days to block out important educational amendments that would raise significant issues which need to be addressed, it seems to me, is going too far.

Let me, on these regulations, quickly point out that the regulators have received over 130,000 public comments about the regulations, demonstrating a great deal of concern about the privacy of personal financial information. The regulators have already indicated they recognize the problems with the proposed regulations. Some have testified or written to the Congress indicating they expect withdrawal or substantial if not total revision.

We are addressing the problem in the normal course under which proposed

regulations are addressed, the problem which this amendment addresses. In fact, of course, this amendment moves in and, in effect, seeks to shortcut or terminate the regular process which would be to let the comment period run and then the regulators take the comments into account. We have already had an indication from the regulators that they have seen enough now so that when they take the public comments into account, the concerns that Members have expressed, myself included, will be addressed.

The potential problem with the amendment is that it may foreclose any possibility of addressing the legitimate concerns of the law enforcement community directed towards money laundering. My very able colleague from Michigan, Senator LEVIN, has been working on that issue.

I simply rise to point out some of the complexity of this issue with which we are dealing, and to focus on the current situation in which we find ourselves—I gather there is not the ingenuity or wit to devise education-related amendments to try to block this process, as has been going on. So now we are going to reach out, wherever we can, and find non-education-related amendments, to bring them in to try to close out the amendment tree.

I am prompted to speak on that because this question of privacy is an issue to which we have addressed some attention. As I said, there is a comprehensive bill which has been introduced by a number of us which I am very hopeful we will be able to have hearings on and act on.

I think the "Know Your Customer" proposed regulations is a very important issue to be addressed. But I find it interesting that here we are on a Friday morning and, instead of dealing with education, we have brought in this issue out of the jurisdiction of the Banking Committee. I think the regulators were about to address this issue to everyone's satisfaction, but the issue has been addressed in the amendment, possibly in such a broad fashion that it will prevent the formulation of regulations specifically designed to get at money laundering, which the law enforcement community has indicated is a significant concern of theirs. That is an issue to which Senator LEVIN has addressed considerable attention.

I say to the distinguished chairman, to the extent he views these comments as not relevant or germane to his legislation, they were prompted by the fact that an amendment was proposed which itself is not relevant or germane to the bill before us and has nothing to do with education.

My own preference, obviously, is to get on with the education amendments. I hope these discussions that are going to take place will make it possible for significant and important education amendments to be offered to this legis-

lation. We are out here with an important piece of education legislation whose basic concept I support. But I do not think we should be precluded from offering other important initiatives with respect to education which, I think, if brought before the body, would command broad support in this institution. I think it would be very important in helping to deal with the Nation's educational challenges.

Mr. JEFFORDS. Will the Senator yield?

Mr. SARBANES. Certainly.

Mr. JEFFORDS. Let me explain the position I have taken. My concern is getting amendments now which should be on the Elementary and Secondary Education Act which is presently under consideration by the committee, if we are to start passing programs out here that should be more properly considered in committee as to how to allocate expenditure of funds and matters like that.

I understand that the pending amendment—we all know in the exigencies of time, and sometimes in order to get a message through, a situation arises where it is necessary, in a sense, to add an amendment that is really nongermane in order to send a message downtown. That is the understanding, and I think clear from the vote, that the Members want to send a message downtown that the process toward getting involved in the privacy of individuals' banking is not one which is acceptable to the Senate.

I suspect it will disappear into the great unknown at some point, but my main concern is to make sure that the committee, which is addressing the serious problems we have in education in this country, does it in an orderly process. We do recognize that the funds which local communities would like to have in order to meet the demands of some of the restrictions and regulations put on them are needed to replace the funds which should have been coming from the Federal Government with respect to IDEA or with respect to what is more commonly referred to as "special education." We were committed to 40 percent, and we are only sending less than a quarter of what we are committed to.

So I will do all I can to make sure that anything which is possible to enhance the local communities, as well as bring us closer to meeting the commitment we have to 40 percent of the cost of special education, is considered. But I am not going to allow amendments, or do my best not to allow amendments, to this bill which was meant to be expedited to assist the local communities to have an opportunity to be more flexible in meeting the needs, as they see them, under the restricted resources they have by virtue of the fact that we have not fully funded our commitment under special education. I intend to do that, to try to

see how we can ensure that they get the resources to which they are entitled.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. I appreciate that comment from the chairman of the committee.

Let me just make two observations: First of all, on the need for this banking amendment, to send a message. The message has certainly been sent by many Members and by extensive public comment.

In that regard, Mr. President, I ask unanimous consent to have printed at the end of my statement a letter which I sent to the Chairman of the Federal Deposit Insurance Corporation on January 12 on this very issue of the "Know Your Customer" programs, sharply critical of the proposed regulations.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. SARBANES. Just briefly the other question, I have been watching what has been going on. I am not on a committee with direct jurisdiction here, but I was prompted to speak by the fact that in this game of delay and blockage we are now dragging in outside amendments.

The chairman says he wants these other amendments considered in the context of the Elementary and Secondary Education Act. Am I mistaken in my impression that the Secretary of Education, who I think is supportive of Ed-Flex measures, advanced the position that those Ed-Flex measures should be considered in the context of the Elementary and Secondary Education Act?

Mr. JEFFORDS. I do not believe he has spoken out on that. He is supportive of our efforts to try to improve the Elementary and Secondary Education Act. I would say that he would not be unduly concerned if the President's program got attached to this amendment, obviously. He is the Secretary, he supports the President's programs, and they would like to get them implemented any way possible.

On the other hand, I doubt very seriously if he would take a position adverse to knowing what we were doing when we put together the bill, which is the one which will have more impact upon elementary and secondary education in this country than any other Federal act—that it is done well, that it proceeds with due care, and that we examine the present situation to see how things can be improved.

Right now we are spending somewhere close to \$15 billion on primary and secondary education. And, as I stated earlier, there is no demonstration that we have had any improvement since the 1983 acknowledgement that this country had a serious problem in education. So I think it is in-

cumbent upon us to try to look at why, after spending all those billions of dollars over those years, things have not improved since we understood we had a serious problem back in 1983. To just continue spending the money we are spending the way we are now, without looking at why it has had no measured improvement—which is an important part of the process—and to go ahead and just pass new programs without fully taking those matters into consideration, in my mind, would be irresponsible.

Mr. SARBANES. It is my understanding that the amendment which the Senator from Washington, Senator MURRAY, is offering for additional teachers in effect is a follow-on to a decision that this Congress made in the last session. Did we not authorize additional teachers in the last session?

Mr. JEFFORDS. The Senator knows as well as I know that in the final hours of any legislative session things happen in the exigencies of trying to get something together where people are dealing with the issues and probably are not fully aware of the implications of what they do. And that is what happened here.

These matters, through the pressure of the administration wanting to get something they had not been able to get through the normal legislative process, were able to get on the bill, which was that bill that was 40 inches high. Nobody knew what was in it until it got read. And the reason we are here with Senator MURRAY is there were some problems in the way that bill was thrown together that need to be attended to. And I understand that. It may be helpful in the amendment process that we get into next week with amendments. We might be able to make that bill more meaningful.

So that is not off the table, as far as I am concerned, as long as the changes that are made are constructive in making that bill that passed to be more usable by the communities. But right now, obviously, we are here with an amendment, because when it gets thrown together like that at the end of a session, they end up doing something that they do not know what they are doing.

Mr. SARBANES. It is my understanding that, first of all, that was extensively discussed. And my understanding is that it is consistent with recent educational studies, that small class size in the early years has been shown to have significant benefits. You talk about, we are spending a lot of money and we do not know whether it is producing results. One thing we seem to know, on the basis of the study, is that if we can lower these class sizes, particularly in the early years, we are going to get beneficial results.

If you ask anyone about the difference between the situation in the public schools and private schools, for

which parents pay a lot of money, the first thing that leaps out at you is small class size. If you ask parents why they are laying out all of this money, one of the first things they say is, to get a small class size. And these studies that have been done, as I understand it, support the proposition that the small class size will produce significant results, particularly when directed toward the early years so we can get these young people up to standard.

Mr. JEFFORDS. There is only one study which has been considered to have been done in a way that would give you evidence, and that study did come to that conclusion. The other studies were not really worth discussing.

However, again, these decisions were made in a back room, in the wee hours of the night; and obviously we would not be considering an amendment if it had been done well. Furthermore, the great debate, in my mind, of what is more important, reducing the class size from 20 to 18 or having a teacher teaching the class who knows the subject which he or she is teaching—I will bet you 10 to 1 you get better results by improving the quality of the teacher and the qualifications of the teacher than you will by reducing the class size by 2 or 3 or 4 or 5. I do not think anybody would debate that.

That is one thing we should consider, the flexibility under the bill—and this may come up—as to whether those moneys could not better be used and should not better be left to the discretion of the school systems to use those moneys to improve the proficiency of the teachers rather than just merely reducing the class size by 2 or 3 or 4.

Certainly if we get to her amendment next week, we will consider other options as well. And it may prove to be a productive experience. Hopefully it will. And I am very pleased to have listened to the leaders on both sides, that we can agree to a small number of amendments which we can consider next week, and move this bill on so that the benefits of the flexibility can be given to the Governors to help improve education overall; and the local communities will be able to do what they feel is necessary to improve that flexibility.

I know the Presiding Officer has been very active in trying to make sure that the local communities have more to say on how their schools can improve. So I think we are moving on a path right now that leads us through next week being a productive exercise, to have the kind of flexibility that the Governors need to help the communities. At the same time we may make some changes that will be beneficial but that do not involve superseding the normal process of the Education Committee to bring about some meaningful reform within the Federal structure.

As I pointed out, there has been no evidence that the huge Federal structure has made any improvement over the last 15 years in our education. We are on our way this year to being the most education-minded Congress that we have had in this century. I am hopeful that when we finish this year we will all be proud of the accomplishments we have made in this country to get us on a path to making sure we will survive the strong competition we are getting from overseas, unduly impaired by our present educational system.

Mr. SARBANES. Mr. President, I say to the distinguished chairman, I hope we are not going to leave any impression here that the growing consensus on the benefit of small classes, particularly in the early grades, is somehow suspect. It is my understanding that consistently across the board students attending smaller classes in the early grades have been found to make more rapid progress than students in larger classes; that these benefits are the greatest for low-achieving minority children and low-income children, because smaller classes enable the teachers to identify and work effectively with students. In many instances they are able to address the problem early on, which prevents its worsening, perhaps to the extent of requiring special education in later years—if you are talking about conserving your resources.

I understand that Project STAR studied 7,000 students in 80 schools in Tennessee. Students in small classes performed better than students in large classes in each grade from kindergarten through the third grade. Followup studies show that the gains lasted through at least the eighth grade. The gains were larger for minority students.

In Wisconsin, the Student Achievement Guarantee in Education Program is helping to reduce class size in grades K through 3 and in low-income communities. Students in the smaller classes had significantly greater improvements in reading, math and science tests than students in the larger classes. The most significant achievement gains were among African American males.

In Flint, MI, efforts over the last 3 years to reduce class size in grades K through 3 have produced a 44-percent increase in reading scores and an 18-percent increase in math scores.

So the issue which the Senator from Washington and others are trying to address is an extremely important issue. It follows on the initiative that was taken by the Congress last year, and I very much hope that we will be able to address it in the course of considering this legislation. We ought to put these educational issues before the Senate and act upon them.

I yield the floor.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, my colleague from Maryland made several comments on the "Know Your Customer" amendment we had up for consideration before the Senate.

I want to take just a couple of moments to respond. The reason that I felt it was important to bring up the amendment this morning with my colleagues on this side is that I serve on the Banking Committee with my colleague from Maryland, and I made an attempt to bring this issue forward in the Banking Committee. It was objected to by the minority party at that time. We also brought up a bill here on the Senate floor for consideration, but again it was objected to by his side. It seemed that the only way we could get this issue considered by the Senate was to bring it up at this particular time. It was well within the rules of the Senate, and I thought it was very important that the Senate have an opportunity to speak on these rules and regulations before a final decision was made.

As to his second comment on the amendment being too broad, I admit that the amendment I introduced in the committee was broad. We wanted to do that because we were concerned that the regulators would just make minute changes in the rules and regulations, and then the regulations would be back before the American people. After further consideration, the language that was considered here on the Senate floor was narrowed and applied specifically to those rules and regulations in the current "Know Your Customer" proposal.

I just wanted to make those two comments. I also would like to thank the chairman and recognize the chairman's effort in trying to improve education in this country. I want to compliment him on his confidence in the States as well as local school boards. That is where a lot of these decisions should be made. I think there is a tendency here in Washington to think that we have all the answers, that one shoe size should fit all, and that one regulation should fit all.

I am one who feels that local school boards and States really are the ones that will come up with the innovative changes for education. We just need to give them the flexibility to do so. We need to allow them to work with parents who really do have a vested interest. We all want to see our children get a better education.

Again, I want to thank the chairman for his hard work and diligent efforts. We all appreciate that.

I yield the floor.

Mr. SARBANES. Mr. President, I want to follow up on the comments of the Senator from Colorado.

First of all, I acknowledge that he is trying to address the problem, and I indicated as much when we discussed it in the Banking Committee. But the

proposal there and the bill that was originally introduced would, in effect, have eliminated existing regulations addressed to the money laundering issue.

Mr. ALLARD. Will the Senator yield?

Mr. SARBANES. Certainly.

Mr. ALLARD. The amendment—

Mr. SARBANES. Not the amendment; I will address the amendment. I want to talk about the bill and the proposal in the Banking Committee first. I think both of those propositions, the proposal in the committee and the bill, went too far, and I think the Senator is prepared to concede they went too far because they would have wiped out existing regulations—not just proposed regulations—existing regulations addressed to significant cash transactions that we think are tied to the money laundering issue.

I don't think the Senator disagrees with that.

Mr. ALLARD. If the Senator will yield, I recognize that the amendment I introduced in the committee was broad. We made that adjustment on the amendment that was voted on this morning.

Mr. SARBANES. I understand that and I indicated earlier that had been done.

I only have two observations about that. Yesterday, the Comptroller of the Currency in testimony on the House side stated that they intended to withdraw the proposals "promptly."

Now, perhaps the Senator feels that through his communications with the regulators heretofore and the letters he sent—and I have sent a letter, and others have sent letters—we weren't able to get sufficient credit for having brought about this change—so we need to come out here and try to get this amendment passed so that we really show that we are the ones who did it and not the regulators who were affected, acting in a reasonable manner after reviewing all of the comments that have been received not only from the public but from Members of the Congress, as well.

Second, I do have some concern about your amendment because it addresses not only the proposed regulations, but, as I understand, it precludes them coming forward with any similar regulations that might be greatly narrowed so they get at the money laundering issue.

I don't assert that I am an expert on the money laundering issue and that is why the Senator from Michigan, Senator LEVIN, is putting a statement in the RECORD addressing the money laundering question, and the importance of that question and how we try to get at it.

I think this problem was well on its way to being solved. I understand the other side is searching desperately for amendments to offer in order to try to block this amendment process on educational issues. It is my perception

that is why this matter came before us today, in an effort to keep out of the amendment process on the Ed-Flex bill, important amendments, which a number of our colleagues wish to offer. But the Senator and I share a common view that the regulations went too far, and we have expressed that opinion.

I think the initial proposals the Senator from Colorado made went too far in the other direction—and were overly broad. I think this proposal has been narrowed down, but I think it still contains within it one remaining problem, which I indicated, and that is whether it precludes any opportunity to do something that would be more effective on the money laundering issue, without creating any of the privacy problems or the overregulation problems that both of us and others have perceived as being contained in the proposed regulations.

Mr. President, I yield the floor.

EXHIBIT No. 1

U.S. SENATE,

Washington, DC, January 12, 1999.

Hon. DONNA TANOUÉ,
Chairman, Federal Deposit Insurance Corporation,
Washington, DC.

DEAR CHAIRMAN TANOUÉ: On Monday, December 7, 1998, the Federal Deposit Insurance Corporation, Board of Governors of the Federal Reserve, Office of the Comptroller of the Currency and Office of Thrift Supervision, each published in the Federal Register and solicited public comment on proposed regulations requiring insured depository institutions to develop "Know Your Customer" programs. The regulations are intended to enable financial institutions to protect themselves from engaging in transactions designed to facilitate illicit activities and ensure compliance with suspicious activity reporting.

The proposed regulations would require depository institutions to amass a large amount of data about customers and to monitor and analyze customers financial behavior. Institutions would be required to determine: a customers' sources of funds for transactions; "the particular customer's normal and expected transactions involving the bank"; and transactions "that are inconsistent with normal and expected transaction for that particular customer or for customers in the same or similar categories or classes;" and to report suspicious transactions.

I support implementing focused and effective methods to prevent money laundering and to promote law enforcement purposes, but am concerned that these proposed regulations have unintended negative consequences.

The scope of the proposed regulations allows for intrusion into the personal privacy of bank customers by profiling details of customers' lives, activities beyond what may be necessary for the stated regulatory purposes. The proposed regulations also could subject many low- and middle-class citizens who pose little threat of improper activities to such surveillance because there are no threshold limits. The proposed regulations have no minimum transaction size or account size, below which surveillance is not required.

While the proposed regulations would require banks to become huge repositories of personal financial data on their customers,

there are no Federal limitations on the bank's use of the transaction data it collects. The bank can sell or share such data without a customer's knowledge or consent. This creates the very real possibility of large scale unwanted breaches of customers' personal financial privacy. Polls and newspaper articles have indicated that Americans are very concerned about their personal privacy, particularly their personal financial data. New business affiliations and technology advances are fueling consumer concerns about the mishandling of personal financial information.

It is evident that the proposed regulations have aroused widespread public concern. I hope that you will take these concerns into account as you proceed with the rulemaking process and develop policies to satisfy current law enforcement needs.

Sincerely,

PAUL S. SARBANES,
U.S. Senator.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

(The remarks of Mr. KERREY pertaining to the introduction of S. 553 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. KERREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEFFORDS. Mr. President, I believe we are now in morning business.

MORNING BUSINESS

The PRESIDING OFFICER. The hour of 12 noon having arrived, consideration of the bill is concluded and the Senate is in morning business.

The Senator from Vermont is recognized.

(The remarks of Mr. JEFFORDS pertaining to the introduction of S. 556 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

FEDERAL DEPOSIT INSURANCE CORPORATION'S "KNOW YOUR CUSTOMER" REGULATION

Mr. KERREY. Mr. President, I voted today in support of the Gramm amendment which supports my belief that the FDIC's "Know Your Customer" regulation should be withdrawn. This vote mirrors my earlier action where I had written to FDIC Chairwoman Tanoue asking her to withdraw the regulation.

While I commend FDIC's effort to identify and crack down on illegal activity, I am deeply concerned the "Know Your Customer" regulation will threaten the financial privacy of Nebraska customers.

When federal regulators consider any regulation like "Know Your Customer," the private relationship between customers and their financial institutions should be given the utmost consideration. I believe "Know Your Own Customer" would severely strain this relationship. Customers should feel confident that their financial transactions are done in confidence and not subject to uninvited searches. Bankers in Nebraska already report large cash transactions, violations of federal law and potential money laundering activity without invading the privacy of their customers. "Know Your Customer" would require financial officers to infringe on their customers' privacy, damaging public perception of the banking industry.

On behalf of the many Nebraskans, customers and bankers, who have relayed similar concerns with me, I am pleased the United States Senate has taken this action. In the meantime, I will remain committed to see that FDIC withdraws the "Know Your Customer" regulation.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2051. A communication from the Senior Deputy Assistant Administrator, Bureau for Legislative and Public Affairs, U.S. Agency for International Development, transmitting, pursuant to law, the Agency's report on economic conditions in Egypt for 1997 and 1998; to the Committee on Foreign Relations.

EC-2052. A communication from the Secretary of Health and Human Services, transmitting, pursuant to law, the annual report on the National Institutes of Health AIDS Research Loan Repayment Program for fiscal year 1998; to the Committee on Health, Education, Labor, and Pensions.

EC-2053. A communication from the General Counsel of the Corporation for National Service, transmitting, pursuant to law, the report of a rule entitled "Claims Collection" (RIN3045-AA21) received on February 2, 1999; to the Committee on Health, Education, Labor, and Pensions.

EC-2054. A communication from the Federal Register Liaison Officer, Office of Thrift